DEPARTMENT OF FOREIGN AFFAIRS AND TRADE

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INAUGURAL MEETING OF THE MINISTERIAL COUNCIL ESTABLISHED UNDER THE TIMOR GAP ZONE OF COOPERATION TREATY

The inaugural meeting of the Ministerial Council established under the Timor Gap Zone of Cooperation Treaty was held today, 9 February, 1991, in Denpasar, Bali. The meeting coincided with the Timor Gap Zone of Cooperation Treaty entering into force and marked the commencement of cooperation between Australia and Indonesia in the joint develpoment of petroleum resources in the Timor Gap area. The Timor Gap Zone of Cooperation Treaty between Australia and Indonesia was signed on December 11, 1989 and the legislation received Royal Assent in Australia on June 7, 1990 and was ratified by the Parliament of Indonesia on December 12, 1990.

In the Ministerial Council, the Australian Government was represented by the Minister for Foreign Affairs and Trade, Senator Gareth Evans, and the Minister for Resources, the Hon. Alan Griffiths, and the Indonesian Government was represented by the Minister for Foreign Affairs, H.E. Ali Alatas, and the Minister of Mines and Energy, H.E. Ginandjar Kartasasmita.

The Timor Gap Zone of Cooperation Treaty between the two countries gives the Ministerial Council the authority to exercise the rights of Australia and the Republic of Indonesia in relation to the exploration of petroleum resources in Area A of the Timor Gap Zone of Cooperation.

In the inaugural Ministerial Council Meeting, mutual agreement has been reached on rules and procedures for the functioning of the Ministerial Council, as well as the rules, regulations, and procedures for the Joint Authority. The Joint Authority will have responsibility for carrying out the management function on the activities of exploration and exploitation of petroleum resources based on production sharing contracts in Area A of the Timor Gap Zone of Cooperation.

On the same occasion, two officials have been appointed Executive Directors for the Joint Authority; one official from each Contracting State. Mr Alan Smart was appointed from Australia and Mr D. Zahar from Indonesia. The other members of the Joint Authority will consist of persons nominated by both Contracting States in equal number. The head-office of the Joint Authority will be in Jakarta, and an office of its Technical Directorate will be established in Darwin, Australia.

In addition, a Corporate/Business plan and Budget for the Joint Authority were agreed upon for 1991. The agreed Budget amounts to US$ 1 million, which will be repaid in instalments from fees obtained from Production Sharing Contracts.

With the Joint Authority in operation, petroleum exploration activity can be expected to commence with seismic surveys being undertaken for prospective bidders for contract areas. The award of Production Sharing Contracts can be expected in December 1991. Exploration drilling might then commence in 1992 or 1993.

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